

Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 AF-10 ARA-10 EA-10 EUR-12 NEA-10
/166 W

-----039136 241200Z /21

P 241141Z APR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 8758

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USMTN

PASS STR ELECTRONICALLY FOR ACTION

E.O.11652:N/A
TAGS: ETRD, MTN
SUBJECT: STATUS OF BILATERAL NEGOTIATIONS

REF: STATE 101536

1. WE BELIEVE PRELIMINARY ASSESSMENT OF BILATERAL BAL-
ANCES NOT FEASIBLE IN GENEVA BEFORE EARLY JUNE. AN
ATTEMPT TO DO NOW WOULD BE HIGHLY SPECULATIVE BECAUSE OF
THE MANY UNKNOWNNS HERE. WHILE U.S. NON-AGRICULTURAL
TARIFF OFFER IS PROBABLY MORE PRECISE THAN THOSE TABLED
SO FAR BY OTHER PARTICIPANTS, OUR OFFER HAS A LARGE
NUMBER OF SIGNIFICANT HOLES REMAINING (E.G., ASP, FINAL
LIST, AVE CONVERSIONS, TBSL ITEMS) AS WELL AS HEADNOTE
CONDITIONS/LINKAGES (SOME OF WHICH HAVE NOT YET BEEN
COMMUNICATED TO MTN DEL). WE HAVE NEVERTHELESS MADE TRADE
COVERAGE AND DEPTH OF CUT ESTIMATES ON THE VALUE OF U.S.

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OFFER TO EVERY MTN PARTICIPANT AND EACH OF THESE HAVE
BEEN TRANSMITTED TELEGRAPHICALLY TO WASHINGTON IN THE
WEEKS FOLLOWING JANUARY 23 TABLING. ALSO, FULL REPORTS
HAVE BEEN TABLED COVERING EACH BILATERAL AND FUNCTIONAL
SESSION.

2. COMPATIBLE ASSESSMENTS OF OTHER PARTICIPANTS' OFFERS

ARE SIMPLY NOT FEASIBLE, PRIMARILY BECAUSE SO FEW ARE ON THE TABLE. IN THE CASE OF THE EC AND JAPAN, WE PROMPTLY ASKED BOTH OF THEM FOR SUBSTANTIAL IMPROVEMENTS IN THEIR INITIAL OFFERS (AND THEY, IN TURN, HAVE ASKED US TO IMPROVE OUR OWN OFFERS) AND WE EXPECT NEGOTIATIONS TO BE JOINED IN THE COMING WEEKS. ASSESSMENTS OF THE EC AND JAPANESE INITIAL OFFERS WERE DONE IN WASHINGTON SOME WEEKS AGO, BUT WE HAVE AT THIS MOMENT NOTHING SOLID TO GO ON TO ESTIMATE HOW MANY IMPROVEMENTS THEY MAY ACCEPT OR TO MEASURE THIS UNKNOWN AGAINST OUR OWN INCOMPLETE OFFER. THE CANADIAN SITUATION DEFIES QUANTIFICATION AT THIS STAGE DUE TO THE SPECIAL COMPLEXITIES OF CANADIAN INITIAL OFFERS (HAMERSCHLAG CURRENTLY IN WASHINGTON TO HELP UNRAVEL THIS AS WELL AS PARTICIPATE IN DRAWING UP ADDITIONAL U.S. REQUESTS). IN CASE OF SEVERAL OTHER DEVELOPED COUNTRIES (FINLAND, NORWAY AND AUSTRIA), ANTICIPATED RECEIPT OF DETAILED TARIFF OFFERS IS STILL IN THE FUTURE. FINALLY, AS WASHINGTON AWARE, THERE ARE NO OFFERS ON THE TABLE FOR ANY LDC AND THUS NOTHING TO ANALYZE.

3. SITUATION IS SIMILAR WITH RESPECT TO AGRICULTURAL CONCESSIONS, WITH NEGOTIATIONS JUST BEGINNING TO BRING SERIOUSLY DEFECTIVE OFFERS OF OUR PARTNERS UP TO A MORE RESPECTABLE LEVEL. DITTO FOR NTMS, ASSESSMENT OF WHICH IS COMPOUNDED BY THE ABSENCE OF ANY AGREED (OR EVEN INTERNAL U.S.) METHODOLOGY TO MEASURE TRADE VALUE OF LIMITED OFFICIAL USE

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MOST OF THEM.

4. WE ARE FULLY SENSITIVE TO THE NEED TO DEVISE A REALISTIC METHOD OF ASSESSMENT OF BILATERAL BALANCES AS THE NEGOTIATIONS EVOLVE (BOTH QUANTITATIVE AND, WHERE THERE IS NO ALTERNATIVE, SUBJECTIVE) AND WILL APPRECIATE WASHINGTON ADVICE IN THIS REGARD. GIVEN THE ABSENCE OF ESSENTIAL HARD DATA, AND WITH SO MANY HIGHER PRIORITY NEEDS, WE BELIEVE THIS PARTICULAR TASK CANNOT BE MEANINGFUL FOR ANOTHER 5-6 WEEKS. MEANWHILE, THE FACTUAL DATA BASE WE HAVE REQUESTED CONCERNING PRODUCT CATEGORIES OF PARTICULAR INTEREST TO THE U.S., INCLUDING NEGOTIATING PRIORITIES, AND ANTICIPATED DISCUSSIONS DURING MAY IN GENEVA WITH ISAC GROUPS SHOULD PROVIDE VITAL INPUT FOR PRELIMINARY ASSESSMENT OF BILATERAL BALANCES IN EARLY JUNE. MCDONALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA06158
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780174-0429
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780425/aaaaauuz.tel
Line Count: 110
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 92d5c9a8-c288-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 101536
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2873499
Secure: OPEN
Status: NATIVE
Subject: STATUS OF BILATERAL NEGOTIATIONS
TAGS: ETRD, MTN
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/92d5c9a8-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014